

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF DEMA GAS)	CASE NO. 89-100-G
COMPANY, INC.)	

O R D E R

On July 7, 1989, the Commission issued its Order in Case No. 89-100 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On July 2, 1991, Dema Gas Company, Inc. ("Dema") notified the Commission that its wholesale cost of gas would be increased by its supplier, Brushy Gap Coal and Gas, Inc. ("Brushy Gap"), effective May 1, 1991. Dema submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Dema's notice of July 2, 1991 set out certain revisions in rates which Dema proposed to place into effect, said rates being designed to pass on the wholesale increase in price from its supplier in the amount of \$95 or 0.24 cents per Mcf.

2. Kentucky West Virginia Gas Company ("Ky. West") filed with the Federal Energy Regulatory Commission to increase its rates effective May 1, 1991. The rates charged by Brushy Gap to Dema track the rates of Ky. West. Dema requested a waiver of the 30-day filing requirement. Pursuant to KRS 278.180, upon Dema's showing of good cause, Dema's request should be granted. The effective date for the increase should be on and after the date of this Order.

3. The adjustment in Dema's rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 89-100 dated July 7, 1989 is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after the date of this Order.

IT IS THEREFORE ORDERED that:

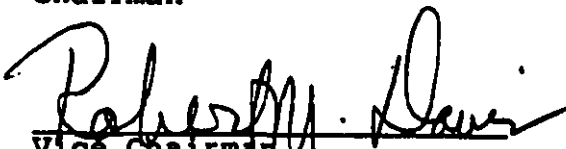
1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with gas supplied on and after the date of this Order.

2. Within 30 days of the date of this Order, Dema shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 23rd day of July, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 89-100-G DATED July 23, 1991.

The following rates and charges are prescribed for the customers served by Dema Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATE:

First 1 Mcf	\$4.7746
Over 1 Mcf	4.2246
Minimum Bill	4.77

The base rate for the future application of the purchased gas adjustment clause of Dema Gas Company, Inc. shall be:

	<u>Commodity</u>
Brushy Gap Coal and Gas, Inc.	\$2.1072/Dth